

**U.S. Department of Labor**

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March 6, 2007

Ms. Julie Johnson, Secretary-Treasurer  
Painters AFL-CIO  
LU 64  
1322 Fawcett, Room 12  
Tacoma, WA 98402

Re: Case Number: [REDACTED]

Dear Ms. Johnson:

This office has recently completed an audit of Painters Local 64 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with Julie Johnson on February 21, 2007, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

Recordkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. As a general rule, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipient(s) of the goods or services. In most instances, this documentation requirement can be satisfied with a sufficiently descriptive expense receipt or invoice. If an expense receipt is not sufficiently descriptive, a note can be written on it providing the additional information. An exception may be made only in

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those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Local 64's 2005 records revealed the following recordkeeping violations:

The union's documentation regarding deposits into the union's checking account was not adequate. Several dividends and deposits were not recorded in the union's records for a total of \$172.89. The union's documentation regarding disbursements also was not adequate. Instances were found of checks which had duplicate numbers, conflicting dates, and conflicting entries when journals were compared to the bank statements. It was also found that the documentation for petty cash was not adequate to be able to determine the balance of the petty cash fund.

As agreed, provided that Local 64 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

#### Reporting Violations

The CAP disclosed a violation of LMRDA Section 201(a) which requires that a union submit a copy of its revised constitution and bylaws with its LM report when constitution or bylaw changes are made. Local 64 amended its bylaws in 2005, but a copy was not filed with its LM report for that year.

Local 64 provided a copy of their bylaws and it has now been filed. No additional enforcement action will be taken regarding this violation.

#### Other Issues

During the audit, you advised that blank checks are signed in advance. Your union's bylaws require that all checks have two officer signatures. The countersignature requirement is an effective internal control of union funds. Its purpose is to attest to the authenticity of a completed document already signed. However, countersigning a blank check in advance does not attest to the authenticity of a completed check, and completely circumvents and undermines the whole purpose of the countersignature

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requirement. OLMS recommends that Local 64 review these procedures to improve internal control of union funds.

I want to extend my personal appreciation to Painters Local 64 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Willie Munsel, President